

**The Economic, Fiscal, and Developmental Impacts  
of the Proposed Marvin Nichols Reservoir Project**

*Prepared for:*

**The Sulphur River Basin Authority**

*By:*

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## Executive Summary

- Construction of the dam to impound the proposed Marvin Nichols reservoir will cost between \$247 million and \$301 million. Depending on exact expenditures local economic activity will increase between \$299 million and \$365 million during the 4 to 5 year project. This activity will support in the range of 1,700 to more than 2,000 person-years of employment with associated salaries and wages between \$50.1 million and \$62 million.
- Similarly, the proposed pipeline construction project, with total costs ranging from just over \$1 billion to almost \$1.3 billion, will boost economic activity in Titus, Hopkins, Franklin, Hunt, Collin, Denton, and Wise counties. Total gains in local economic activity will vary between \$1.5 billion and \$1.8 billion while supporting 12,000 to 14,700 person years of employment and raising local earnings in the range of \$443 million and \$541 million.
- After construction of the dam and pipeline is completed, there will be on-going impacts from the operations and maintenance of these infrastructures. Over 200 permanent full-time-equivalent jobs will be supported in the region.
- Once the lake is impounded, new spending will flow to the northeast Texas economy as visitors will come to fish, boat, and participate in other water-recreation activities. These visitors will bring more than \$45 million in new annual spending to the local economy.
- The lake will also attract many new residents to northeast Texas. We estimate that over a 30-year period at least 2,400 new permanent households will be established around the lake. An additional 10,000 residences will likely be built as vacation/weekend/second homes. The construction of these homes will bring an average of over 500 jobs per year to the local economy over the development period. This construction activity will specifically boost market opportunities for local timber industries.
- Spending by new residents in the local economy will eventually rise to \$129 million per year. When combined with the anticipated spending by recreational visitors, more than \$242 million in new economic activity will be created for the Franklin, Titus, Morris, Bowie, and Red River county area supporting 2,800 jobs and increasing local labor income by \$60 million per year.
- The presence of the proposed Marvin Nichols reservoir will enhance the region's attractiveness for business location. As a recreational amenity, the lake will enhance the quality of life features of the region, which is an increasingly important factor in business site location decisions. Industries requiring reliable local water resources will also find new reasons to locate in the area.
- Impoundment of the proposed reservoir and attendant environmental mitigation will remove some timberland from production. Based on U.S. Forestry Service data, the reservoir and mitigation area represent an estimated 104.7 million cubic feet of local

hardwood timber inventories, less than 3 percent of regional totals. However, net annual growth (new growth less harvesting) adds about 153.9 million cubic feet of hardwood timber to the region's inventories according to the Forest Service, more than enough new timber to offset any losses. Moreover, forest product producers, especially sawmills, will see new market demand from infrastructure, residence, and commercial structures construction around the reservoir.

- Local taxing jurisdictions will enjoy not only substantial temporary gains in revenues from business activities related to construction of the dam, pipelines and related infrastructure, and new housing, but they will also see new revenues based on increased property values and spending by visitors and residents. Property taxes on new housing alone will add \$4.5 million to county tax revenues net of any losses due to the lake impoundment and related environmental mitigation. Similarly, net gains in area school district revenues will exceed \$20 million per year at full development. Local taxes on retail sales will generate at least \$465,000 per year with an additional half million dollars per year provided by hotel occupancy taxes.
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